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C O N F I D E N T I A L SECTION 01 OF 02 NEW DELHI 002830

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TAGS: [PREL](#) [PGOV](#) [PTER](#) [EARG](#) [KNNP](#) [TSPA](#) [SENV](#) [SCUL](#) [IN](#)  
SUBJECT: AMBASSADOR PRESSES FOR 123 CONCLUSION, SIGHTS ON  
BROADER AGENDA WITH NSA NARAYANAN

Classified By: DCM Geoffrey Pyatt for Reasons 1.4 (B, D)

11. (C) Summary. In a June 15 meeting with National Security  
Advisor MK Narayanan, the Ambassador:

- pressed for the earliest possible conclusion to 123  
Agreement negotiations and pressed the Indian to clarify  
their notion of a stand-alone fully safeguarded reprocessing  
facility;
- urged forward thinking on potential discussion topics for  
the proposed meeting between the President and Prime Minister  
Singh at Crawford in August; and
- noted that these initiatives were ripe for agreement at  
the leaders' meeting: CSI, Global Initiative Against Nuclear  
Terrorism, expanding the Fulbright program, AKI, CISMOA, LSA,  
wheat exports to India, space cooperation, the President's  
Global Climate Change Initiative, and greater cooperation on  
counterterrorism and nonproliferation.

Narayanan:

- agreed on the need to look at the broader bilateral agenda;
- suggested that nearly all the initiatives the Ambassador  
listed could be ready for agreement very soon, although a few  
would need further consideration;
- said he believed a conclusion to 123 negotiations was  
achievable soon; and
- told the Ambassador he plans to travel to Washington the  
week of July 7 to meet with NSA Steven Hadley. End Summary.

The Need To Look Beyond 123

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12. (C) Ambassador met with NSA Narayanan June 15 to push for  
the earliest possible finalization of the 123 Agreement, so  
that the focus return to the broader, diverse bilateral  
agenda. Emphasizing that Secretary Rice would not travel to  
New Delhi before the 123 Agreement is settled, the Ambassador  
stressed the need to begin thinking now -- before it becomes  
too late to be practical -- about forward-looking topics for  
the Crawford meeting between President Bush and Prime  
Minister Singh being planned for late August. The Ambassador  
listed several possible initiatives which are ripe for  
agreement, including the Container Security Initiative (CSI),  
a new agreement on the Fulbright scholars program, the Global  
Initiative to Combat Nuclear Terrorism, a successor to the  
Agriculture Knowledge Initiative (AKI) that includes private  
sector participation, the President's initiative to fight

global climate change, the sale of American wheat to India, space cooperation, long-standing pending military-to-military agreements such as CISMOA and LSA, and greater cooperation on counterterrorism and nonproliferation. On the last point, the Ambassador noted that Assistant Secretary John Rood's visit, which had ended one day prior, had been highly successful in terms of advancing our bilateral agenda on nonproliferation.

13. (C) Narayanan said he hoped to be able to meet with A/S Rood soon, adding that nonproliferation was an area of expertise for him. Turning to the initiatives the Ambassador had listed, Narayanan was receptive to the idea of thinking ahead. Calling the Fulbright program "one of the best ideas to come out of the U.S.," Narayanan assured the Ambassador of his intention to pursue a new agreement on the program. Narayanan noted the importance Prime Minister Singh has attached to India's agriculture development and agreed on the need to push forward on AKI. CSI is "something of vital interest" to India, he stated, adding that CSI, along with the Confidential Information Sharing Memorandum of Understanding (CISMOA) and Logistics Support Agreement (LSA), had been discussed in cabinet meetings and "is probably going to be done one of these days." CSI should easily get cabinet approval, he said, but wouldn't make any promises "because sometimes there are 'riders' attached, so you just never know." Narayanan asked for a paper from the Embassy describing in greater detail the problems the U.S. was facing in exporting wheat to India. For the other specific items the Ambassador had mentioned, Narayanan said India really needed to consider them closely. The Ambassador urged Narayanan to consider get us India's ideas soon, as the window to consider them in time to turn the issues into

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discussion topics for Crawford would quickly close.

Narayanan: 123 Conclusion Reachable  
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14. (C) Turning to the Indian concept of a dedicated reprocessing facility, the Ambassador pressed India to flesh out the proposal, noted that the topic was politically sensitive in any circumstances, and observed that we had heard from some that the proposed facility would only be for U.S. fuel. The Ambassador urged him to think how the facility might benefit the global focus on nuclear fuel cycle issues, including the Global Nuclear Energy Partnership (GNEP). "This offers big thinking about India's role in the future," he said, and asked for Narayanan to provide more details, which would be necessary for the U.S. to start thinking about its acceptability.

15. (C) Narayanan explained that he had come up with the dedicated facility complex as a way of getting past the proliferation concerns that lay behind the U.S. unwillingness to grant advance consent. He responded that the facility would likely reprocess all safeguarded fuel, no matter its origin, because it must use its capacity to be economical. (Note: Venkatesh Verma of the Prime Minister's Office highlighted the importance of the facility's economics after the meeting, noting that the Indian government did not want to build a facility that would have excess unused capacity. When poloff asked if the dedicated safeguarded facility was conditional on ensuring its efficiency, Verma stated it was merely a concern. End Note.) Narayanan warned the Ambassador, "don't mix this up with GNEP" and clarified that India had only proposed the concept as a way of getting advance consent rights. He speculated that it would take some time before India could put such a facility to use.

16. (C) Recalling his past conversations with Hadley about the facility, including his June 9 meeting with Hadley in Germany, Narayanan related "we agreed it was an eminently suitable proposition." He remarked that Prime Minister Singh and President Bush had also discussed the concept in Germany.

Narayanan said he also addressed the immunity of the strategic fuel reserve with Hadley. After the conversations in Germany, Narayanan said, "I felt more comfortable." "I'm much more confident today than I was, and I think we can move forward," he admitted.

Will Visit DC In July

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¶7. (C) Narayanan mentioned that NSA Hadley had invited him to Washington to discuss the 123 Agreement, and that he was considering traveling immediately after July 7, likely with Foreign Secretary Menon, who would be going to meet concurrently with Under Secretary Burns.

Comment: 123 and Beyond

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¶8. (C) As evidenced by the Prime Minister's confident comments to reporters on his flight back to New Delhi, the Indian government now believes 123 Agreement has boiled down to two issues: advance consent right for reprocessing and immunity of the strategic reserve. The perceived positive U.S. reception on both matters entails a new turn in the 123 negotiations, and has garnered the attention of the Indian leadership, which now thinks that an end is in sight. Both sides appear eager to wrap up the 123 Agreement and clear the slate to deliver a broad range of deliverables for the Crawford summit.

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